

# REPORT ON SMART CARDS™

From the editors of  
Telecommunications Reports



The Worldwide Deployment of Smart Cards and Related Technologies

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## USPS Program to Use Smart Cards To Certify Government E-Documents

**T**he U.S. Postal Service (USPS) has initiated a program for government employees to use smart cards to store digital certificates for sending electronic files securely and privately across government computers. PubliCARD Inc., Gemplus SA and KeyCorp Ltd. are among the key smart card companies participating in the new NetPost.Certified program.

With the USPS's Electronic Postmark and Certificate Authority, NetPost.Certified allows government users to obtain a USPS-issued digital certificate stored on a NetPost.Certified smart card. Just as physical certified mail provides a return receipt verifying delivery, the NetPost.Certified service generates an electronic return receipt from USPS verifying delivery of each transaction with an electronic time and date stamp.

The USPS "has for more than 225 years played a pivotal role in enabling faster, more efficient and secure communication between the United States government and its citizens," said Deputy Postmaster General John Nolan. "NetPost.Certified was specifically designed to support e-government initiatives by expediting the movement of documents online, and ensuring users that those documents sent electronically would be secure and private at all times while in transit."

The Social Security Administration (SSA) is the first federal agency to sign up for this service, and will use NetPost.Certified for several applications, including obtaining vital statistics records from state governments.

"In Social Security's long-range plan – specifically our vision for service in the year 2010 – one of our goals is to create an electronic infrastructure that will enable our customers, anywhere in the world, to securely send us an electronic package of information and for us to

Multiapplication Cards • Regulations • Pilots • Stored Value Cards  
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## SMART CARD FIRMS OPEN OFFICES IN FRANCE, CHINA

Seeking to tap the rich smart card market in Europe, VASCO Data Security International Inc. and Trusted Logic each have established new sales offices in France.

U.S.-based e-business security solutions provider VASCO opened a new office in Paris, France, to provide local service and support to customers and partners in Europe. The company also recently opened an office in Singapore for the Asian market.

VASCO officials expect France to be a key market for its new Digipass 800 portable, secure smart card reader. The Digipass 800 can be used from any browser-equipped computer, phone or personal digital assistant, expanding a smart card's capabilities and allowing banks to market additional services to its smart card holders.

"France has long been the world's leading adopter of smart card technology," said Jan Valcke, executive vice president of sales and marketing for VASCO. "We expect to capitalize on the level of smart card deployment in France with our Digipass 800, as well as to expand sales for our entire Digipass family of strong authentication and digital signature platforms. A local presence in Paris will build on our success with our established partners and resellers in France while helping us expand our channel partner initiative in an important, fast-growing region."

In addition, Trusted Logic, which develops secure software for smart cards and terminals, is opening a new office in Sophia Antipolis on the French Riviera. The office expects to hire more than 20 people in the next three years.

Trusted Logic officials said the Nice and Sophia Antipolis area in southern France offers many advantages, including a rich industrial environment in its sector of activity; important universities and research centers that ensure high-quality recruitment while strengthening scientific partnerships; and Nice is easily accessible from major national and international airports.

### Oberthur Goes to China

In another matter, Oberthur Card Systems has signed a joint venture to open a card personalization plant in Shenzhen, China. The Oberthur Card Systems Science and Technology plant will begin production this quarter, with an annual capacity of more than 30 million personalized cards.

"This investment supports Oberthur Card Systems' core strategy 'Think Global, Act Local,' and further reinforces Oberthur's success in the Chinese mobile market where it successfully captured more than 20 percent of the burgeoning [global system for mobile communications (GSM)] market in the past year," said Philippe Tartavull, president and chief executive officer of Los Angeles, Calif.-based Oberthur Card Systems.

Oberthur partnered with Guangbang Pte. Ltd., Shenzhen Xinsi Industrial Co. Ltd. and Guangdong Nanfang Telecommunication Equipment to establish the plant. Oberthur now seeks to gain significant market share in the Asia Pacific mobile communications market, which exceeds 80 million subscribers.

VASCO: Contact Kerry Roche. Phone: +1 617-742-7270. <http://www.vasco.com>

Trusted Logic: Contact Anne Schroeder. Phone: +33 01-30-97-26-01. <http://www.trusted-logic.fr>

Oberthur: Contact Francine Dubois. Phone: +1 310-884-7981. <http://www.oberthurusa.com>

reply to them in kind," said SSA Deputy Commissioner Bill Halter. "With NetPost.Certified, [USPS] is providing us with an opportunity to test and integrate technology that will help us toward that goal."

PubliCARD is collaborating with TecSec Inc. to provide the constructive key management (CKM) encryption technology and smart card infrastructure for the NetPost.Certified service.

"A CKM-enabled smart card enables fine-grained access control to the information sent," said Jay Wack, chief technical officer for TecSec. "When augmented by the USPS authentication process, the overall solution delivers on the needs of e-commerce by providing controlled, assured, confidential information flow on any network. PubliCARD's SmartPort is the fastest, most reliable smart card reader on the market today.

See NetPost.Certified, p. 15

## White Paper Views Fraud, E-Crimes at 'Crisis' Level

The rapid growth of economic and Internet crime is costing the United States billions of dollars, prompting the head of the National Fraud Center (NFC) to call it a "national crisis." In a new white paper, the NFC urges the use of smart cards and other hardware and software to boost online security and authentication, along with the enactment of Internet regulations to tackle economic and Internet crimes.

In the paper, "Economic and Cyber Crime: A Growing Global Threat," NFC, a division of Lexis-Nexis Risk Solutions, states that economic crime now costs Americans more than \$500 billion annually, compared to about \$100 billion in 1990 and \$5 billion in 1970.

"For decades, our society has focused primarily on violent crime and has ignored many of the warning signs of growing economic crime," said NFC Chairman Norman Willox. "The growth of economic crime is increasing far faster than normal and has the potential to become a serious national crisis. For this reason, we can no longer afford to view economic crime merely as the cost of doing business. Further, we must recognize that victims of economic crimes are in many instances just as seriously victimized as many violent crime victims."

The NFC paper, co-written with The Economic Crime Investigation Institute of Utica College, states that the Internet can enable scroflaws to spoof or hijack a Web site, compromise payment systems and enable identity theft and credit card fraud. For example, the white paper states that identity theft affected up to 700,000 victims in 2000, costing about \$50 billion for the year.

"As more electronic banking occurs, as more securities are purchased over the Internet, and as other financial services are provided, the consumer will be more vulnerable and the risk of theft of private information will increase," the report states. "This does not mean that stolen personal information will grow rapidly online. In fact, traditional

identity theft is still much easier. But transmitting fraud online is easier. Preventing, detecting, investigating and prosecuting economic crimes must become a priority in order to lessen their impact on the economy and the public's confidence."

Among the recommendations NFC proposes in the white paper are:

- Enacting laws, regulations and improved reporting systems, adding that future legislation addressing Internet security and fraud should use language that will be easily adaptable to future technological changes to help deter economic crime.
- Fostering public-private partnerships to prevent and combat these crimes, including sharing tools and fraud databases.
- Increasing law enforcement budgets for personnel and hardware and software to investigate and prosecute Internet criminals.
- Increasing global interaction and cooperation through multinational organizations, treaties, alliances and consistent laws.
- Balancing privacy interests, weighing personal privacy concerns against the need for prevention, investigation and prosecution.

"The United States must take the lead in fostering cooperation throughout the global community in the development of uniform laws, meaningful and comparable privacy policies, effective assistance to prosecutions by foreign countries and sharing information," Willox said. "Current and future administrations must recognize the full impact of economic and cyber crime, both domestically and globally, and make a concerted, strategic effort to combat it. A national plan of action must be developed."

### Fraud Prevention Tips Now Online

In another fraud matter, the Worldwide E-Commerce Fraud Prevention Network (WECFPN) has launched a Web site (<http://www.merchantfraudsquad.com>) that provides advice about how to combat online fraud. The site now contains articles on tools for preventing the use of stolen credit cards online; secure Web hosting tips; how to effectively report online crime; the future use of e-signatures for fraud prevention; and consumer tips for shopping safely online.

"Combating online fraud represents a huge challenge since merchants can be vulnerable to a

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Editorial Offices:  
1333 H St., N.W.  
Suite 100-East  
Washington, D.C.  
20005  
Tel: 202/312-6100  
Fax: 202/842-1875

Editor:  
Jerry Ashworth  
jashworth@tr.com

Associate Editor:  
Ryan Oremland

Managing Editor:  
Amy L. Fickling

Editor in Chief:  
Victoria A. Mason

Publisher:  
Stephen P. Munro

Founding Editor:  
Stephan Seidman

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### GETTING IN TOUCH

Contact Editor Jerry Ashworth  
by e-mail at [jashworth@tr.com](mailto:jashworth@tr.com).

wide range of criminal tactics, even if their own Web sites are secure,” said WECFPN co-chair Jennifer Bennett, vice president for customer service strategy at American Express Corp. WECFPN “seeks to identify these vulnerabilities and provide smart solutions for fighting back.”

The Network seeks to educate merchants about fraud prevention techniques and to encourage online enterprises to adopt best practices and anti-fraud technology such as smart cards. Since the coalition’s launch, more than 375 businesses and organizations have signed on as charter members.

“The number of companies that have joined the Network over the last three months indicates there is a broad interest in learning more about combating online fraud,” added WECFPN co-chair Travis Fagan, vice president for customer support at buy.com. “As more merchants use our site to get educated and adopt fraud prevention practices that fit their businesses, we hope they will see a meaningful reduction in fraud losses.”

National Fraud Center:  
<http://www.nationalfraud.com>

WECFPN:  
<http://www.merchantfraudsquad.com>

## SmartAxis Deal Enables CashCard Usage Online

CashCard stored value card holders next fall can purchase items online from SmartAxis Ltd.’s global network of Internet merchants using numerous forms of e-cash, ranging from Proton to Mondex.

Network for Electronic Transfers Singapore Ltd. (NETS), which operates the Singapore CashCard program, has signed an agreement with the SmartAxis payment network for e-cash to enable NETSCash merchants to reach out to a larger international market. SmartAxis is providing an online multicurrency pricing tool that will allow NETSCash merchants to accept payment by e-cash schemes in all major world currencies.

“NETS is a pioneer and world leader in electronic cash payments in both the physical and virtual worlds,” said Gordon Cooper, vice president of SmartAxis. “This agreement provides us with a sophisticated market of electronic cash users who will be able to shop for low-cost digital goods

and services at SmartAxis’ global network of Internet merchants. It also demonstrates that SmartAxis is the partner of choice for leading electronic cash schemes that want to add international relevance to domestic or single-brand programs.”

Customers seeking the service must download e-purse software at the NETS or SmartAxis Web sites and obtain a smart card reader to process transactions. “NETSCash, the Internet payment service using CashCard, is gaining acceptance among Singaporeans,” said Chan Kah Khuen, general manager for development at NETS. “By partnering with SmartAxis, the NETSCash service now grows beyond its physical boundary to take on the international arena in the virtual world. This breakthrough will open new doors for businesses and bring added convenience to consumers. It adds an exciting new dimension to Internet shopping as card holders will be able to purchase from both domestic and international virtual stores.”

In another smart card e-purse matter, EFT Consultants SA has become Proton World’s commercial agent in Poland. The Belgian software house offers consultancy, project management services and software packages, including electronic payment systems, Internet technologies and financial applications, to various companies in Europe.

“We believe that the recent fast growth of financial and payment system services in Poland opens new market opportunities for smart card-based applications, including the Proton multiple application card technology, and that EFT is well-placed to exploit the market at this exciting time,” said Guy Verniers, vice president of Europe, Middle East, Africa sales at Proton World.

Added Tadeusz Reczynski, managing director of EFT Consultants Polska Sp.z.o.o.: “We have already identified many potential users of the Proton smart card technology in Poland, and many of them have already expressed great interest in implementing smart card programs.”

## Dual-Interface Payment in Europe

On Track Innovations Inc. (OTI) also is signing deals to promote smart card-based payment programs. OTI and P-Card System GmbH will launch a payment and loyalty contact/contactless smart card solution to issuers throughout Europe that is currency-independent. P-Card initially has

## CLINTON ADMINISTRATION REPORT LAUDS INTERNET ADVANCES

As one of its final acts before leaving the White House, the Clinton administration took credit for many of the advancements made in cyberspace during the last eight years. A new report on achievements made during Clinton's tenure says the number of unique Internet addresses increased from 1.3 million in 1993 to 93 million in 2000, generating about \$184 billion in estimated business-to-business e-commerce revenues last year.

The report, which was released by White House Chief of Staff John Podesta, said the administration's policies had helped boost Internet use for children, inner cities and disabled Americans.

The report also credits the Clinton team for enhancing consumer protections online by "successfully challenging industry to establish codes of conduct, encouraging consumer education and aggressively fighting misleading and deceptive practices online." It notes that the number of commercial Web sites posting privacy policies increased from 2 percent in 1998 to 62 percent in 2000.

The report also cites the Federal Trade Commission's issuance of rules in April 2000 implementing the Children's Online Privacy Protection Act, and President Clinton's signing of the Electronic Signatures in Global and National Commerce Act (E-SIGN) making digital signatures as legally valid as hand-written signatures (RSC, June 26, 2000, p. 5).

In other Clinton administration matters, Commerce Secretary Norman Mineta unveiled a new government information-sharing center designed to protect information technology (IT) from future online attacks. President Clinton had promised last year to establish an IT Information Sharing and Analysis Center (ISAC) during a meeting with IT company and organization executives concerned over network disruptions during 1999.

The IT-ISAC, which includes a list of voluntary members such as Cisco Systems Inc., Entrust Technologies, Microsoft Corp., RSA Security Inc., Securify Inc., Verdian and VeriSign Inc., will report and exchange information among its members concerning electronic incidents, threats, attacks, vulnerabilities, security solutions and countermeasures.

Mineta said the IT-ISAC would enable the high-tech industry to take the lead in spotting potential threats to the Internet and information infrastructure security measures. He said the industry program could lead to broader information sharing in the future. "Ultimately, we anticipate that there will be industry and government sharing of information among the ISACs that have been created," Mineta said. "The industry-only ISACs are a first step in that direction."

The center is the fourth industry-specific ISAC in the nation. Other ISACs have been created for the financial services, telecommunications and electric power industries. Clinton issued an executive order creating the first ISAC in May 1998.

ordered 1.6 million cards worth about US\$8 million over the next year.

The partnership combines OTI's contactless smart card solutions with P-Card's system of marketing programs for its issuer and acquirer base. Each issuer can customize its own multi-application smart card from various payment and loyalty applications, and then issue his own branded cards to venue customers. The program will enable users to purchase food and merchandise from on-site vendors using e-purse, credit or debit functions, earning loyalty points that they can redeem instantly or accumulate for future visits.

"This is one of the most promising programs in the European market today," said Oded Bashan, president and chief executive officer of OTI. "We are excited about working with a company like P-Card, which has secured contracts and relationships with card issuers, while offering one of the most cost-effective and secure payment and loyalty systems in the market. This agreement reflects our business model by generating revenues from product sales, transaction fees and ongoing support."

The companies initially are targeting closed networks, transportation systems, and recreation and sporting venues, beginning in Germany, with

additional projects slated throughout Europe and South America.

“P-Card consistently partners with best-in-class technology to provide solutions to our customers,” said Michael Pyhrr, chief executive officer of P-Card. “This is the reason we have chosen OTI. They have shown us they have the right knowledge, experience and solutions to fit our business concept of cost-effective, secure and easy-to-implement card solutions.”

In addition, OTI also has received an order from the City of Tel Aviv, Israel, to equip two additional country clubs with its contactless smart card campus solution. Last year, the company installed a similar program at the Country Lamed in Tel Aviv, Israel.

OTI’s contactless smart cards will provide members of the Yitzhar and Neve Sharet country clubs secure access to all club facilities, including the gym and pool. Cardholders also can use e-cash and loyalty functions at the clubs’ retail shops and restaurants. Both locations will begin implementation during the first quarter of 2001, and OTI expects to add other clubs later.

“We are pleased with the success of the Country Lamed project, which demonstrates that our campus solution provides real benefits to our customers,” OTI’s Bashan said. “The expansion of the smart campus solution to additional country clubs reinforces the benefits of improved data processing and service offered with OTI’s campus solution.”

NETS: Contact Theresa Lee.  
Phone: +65 374-0453. <http://www.net.com.sg>

SmartAxis: Contact Amy Fear.  
Phone: +44 20-7632-5700. <http://www.smartaxis.com>

Proton World: Contact Dominique Hautain.  
Phone: +32 2-724-52-53.  
<http://www.protonworld.com>

OTI: <http://www.oti.co.il>

## Palm Transaction Launches Battle Over Wallet Use

A future marketing battle appears to be brewing between those technology providers offering enhanced digital services in a familiar leather wallet and those that are developing ways to get rid of the wallet altogether. Smart card system developers, ironically, are on both sides.

Smart card payment terminal providers Groupe Ingenico and VeriFone Inc. are combining their point-of-sale terminal technologies with Palm Inc.’s hand-held computers to enable Palm personal digital assistant (PDA) users to make secure electronic payments using infrared technology.

Palm envisions that its PDA will become a true e-wallet, enabling users to securely maintain all of their personal identification information, such as driver’s license and passport, as well as personal financial records. Information on the Palm PDA can replace plastic credit cards, automated teller machine cards and cash, Palm officials said. Ingenico expects virtual card payments especially will appeal to hotels, restaurants, car-rental companies, clubs and department stores.

“We have been investing in this technology for the last 12 months and have developed the hardware and software upgrades necessary for our installed terminal base,” said Gerard Compain, managing director of Ingenico. “This means the merchant can procure a terminal at a very low cost. This technology will permit card issuers to provide new, attractive e-services to consumers. This is a great opportunity for the financial community to strengthen its relationship with its clients.”

Palm Inc. Chief Executive Officer Carl Yankowski conducted the first virtual card transaction during a keynote presentation at the Consumer Electronics Show (CES) this month in Las Vegas, Nev. Yankowski purchased products

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### HOUSE COMMERCE PANELS RESHUFFLED; NEW CHAIRMEN NAMED

Under a Republican reorganization plan, the House Commerce Committee's former telecommunications, trade, and consumer protection subcommittee will be split into the telecommunications subcommittee and the commerce, trade, and consumer protection subcommittee. Rep. Fred Upton (R-MI) will chair the telecommunications panel, while Rep. Cliff Stearns (R-FL) has been tapped by new Commerce Committee Chairman Rep. W.J. "Billy" Tauzin (R-LA) to be chairman of the consumer protection subcommittee.

"Under this proposal, we will have an opportunity to showcase the diversity and talent on our committee," Tauzin said Jan. 11 in announcing his choices for subcommittee chairmen. Committee Republicans are expected to vote on his recommendations when Congress reconvenes later this month.

For Stearns, who had hoped to take the telecommunications panel gavel, the GOP sweetened his "consolation prize" by moving Internet and medical privacy issues under the purview of his subcommittee. The new commerce, trade, and consumer protection panel also will have jurisdiction over interstate and foreign commerce, consumer affairs issues and "regulation of commercial practices [the Federal Trade Commission]," the Commerce Committee said.

Rather than return to his former post as chairman of the Commerce oversight and investigations subcommittee, Upton made a late push for the gavel on the higher-profile telecommunications subcommittee, sources said. "The issues the subcommittee faces are the wave of the future and will have a direct impact on the daily lives of every American," Upton said. "I'm excited to work on issues like technology in the classroom and telemedicine."

Meanwhile, a new committee assignment plan unveiled by Senate leadership would expand the Commerce, Science, and Transportation Committee by two seats, to 22 sitting members. Eleven Republicans and nine Democrats sat on the Commerce Committee during the 106th Congress.

The Democratic party will pick up two additional seats on the Commerce Committee, thanks to a "power sharing" plan that calls for an even 50-50 split on all Senate committees in the 107th Congress. New committee Democrats are Sens. Barbara Boxer (CA), John Edwards (NC) and Jean Carnahan (MO). Former Commerce Committee Democrat Richard Bryan (NV) retired last year. The Democratic committee assignments are expected to be ratified by the full Democratic Caucus later this month, Senate Democratic leader Thomas Daschle (SD) said.

The Republican party had to fill four Commerce Committee seats because of three election casualties and the departure of Bill Frist (TN) from the committee. The new GOP members are Sens. Gordon Smith (OR), Peter Fitzgerald (IL), and freshmen Sens. John Ensign (NV) and George Allen (VA). Subcommittee assignments and chairmen selections are expected "in the near future," the Commerce Committee said.

from The Sharper Image by using the Palm PDA to beam encrypted Visa payment card data to a terminal, which approved the transaction and then beamed back a receipt to be stored in the Palm hand-held.

"Visa payment services and Palm technology are a great fit," said Sue Gordon-Lathrop, vice president for Visa International. "First, the Visa account number is embedded into the hand-held. It's a simple matter because the Palm OS platform is so elegant and easy to work with. Prior to initiating the payment, Carl entered his unique code to ensure secure access to the payment application, and then beamed the account information to the terminal."

Visa worked with Palm to ensure the new payment method conformed to global payment and security standards. Visa and Palm will continue to collaborate to define additional security features to protect data as the product develops further. "Palm is delighted to be working with Visa and other industry leaders on this breakthrough payment technology," Yankowski said. "This type of innovation will provide increasing levels of choice and convenience for consumers and merchants."

Meanwhile, WearLogic officials are touting their smart card-based SmartWear Wallet as a means to conduct electronic transactions with a familiar wallet form factor. By incorporating

flexible hardware, smart cards and Bluetooth technology into conventional leather wallets, these wearable devices provide the features people use in hand-held PDAs like the Palm (RSC, Dec. 18, 2000, p. 3).

Robert Wesley, chief operating officer of WearLogic, added that “the Palm will soon become unnecessary because people will store all of their addresses and calendars in their leather wallets. Everyone wants fewer things to carry, not more, and that’s what we have done. WearLogic transforms the everyday leather wallet or clutch into a personal information platform that works with PCs, the Internet, wireless phones or merchants.”

Groupe Ingenico: Contact Bernard Morvant.  
Phone: +1 305-443-4233. <http://www.ingenico.com>

WearLogic: <http://www.wearlogic.com>

## HealthScreen Uses Cards To Store Medical Records

Patients enrolled in HealthScreen America’s health care testing program soon can store their medical information securely on a portable smart card as part of a new program sponsored by the Jacksonville, Fla.-based health care management company.

HealthScreen America offers more than 40 affordable, sophisticated screening tests for early detection of disease. IVI Checkmate Corp. will provide HealthScreen with its Elite 510 smart

card terminal at each station to write and retrieve individual test results using smart card technology. A smart card entered into an Elite 510 terminal will provide immediate access to client information stored on the smart card. Groupe Ingenico developed the terminal, which is distributed in North America by IVI Checkmate.

“HealthScreen America has developed a world-class preventive health management model that provides results faster and more affordably than ever before available,” said Barry Thomson, president and chief executive officer of IVI Checkmate. “IVI Checkmate is proud to be part of this innovation in health care. IVI Checkmate is dedicated to providing HealthScreen America with a solution that allows it to provide the highest level of quality and reliability in the medical services industry.”

Metaca Corp. is providing smart cards for the program. “Metaca Corp. is focused on delivering smart card solutions that put our customers ahead in their markets,” said Greg McKenzie, president and chief operating officer of Metaca. “HealthScreen America is leading the way in health care data management, and our partnership is an excellent fit.”

Fred Fey, president of HealthScreen America, praised the innovative partnership. “Together with IVI Checkmate and Metaca Corp., we will bring state-of-the-art transaction management technology to the United States and be the first to apply that technology to the management of personal health data,” he said. “This technology has the potential to revolutionize the way we manage our individual health care. Imagine having the ability to store all details of your health screenings, immunizations, prescriptions, surgeries and other medical care on a credit card. This technology makes that a possibility for the consumer.”

## Cholesterol Monitor Debuts

In another smart card-based health care program, Lifestream Technologies Inc. launched its personal cholesterol monitor using Windows-powered smart cards at the 2001 International Consumer Electronics Show this month in Las Vegas, Nev. The home cholesterol testing device with embedded smart card reader is designed for about 100 million Americans with elevated cholesterol levels. The U.S. Food and Drug Administration last July approved the device (RSC, Aug. 14, 2000, p. 15), which allows

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consumers to securely store test results and share them with medical care providers.

“The debut of Lifestream’s personal cholesterol monitor marks an important moment in history as usage of the Microsoft [Corp.] smart card becomes available to the public for the first time in a consumer product,” said Christopher Maus, chief executive officer of Lifestream. “Never before has storage of personal information become so portable, private and secure than through the integration of personal appliances and smart card technology.”

Using one drop of blood on a test strip, the Lifestream monitor provides cholesterol results in three minutes. It includes a Microsoft 64 kilobyte smart card that can store up to 200 test results. Lifestream initially has been marketing the home cholesterol testing devices through the QVC television shopping network and by making it available at The Sharper Image catalog, stores and Web site.

“For the first time, we have had the opportunity to gauge consumer response to our innovative at-home cholesterol monitor, and we are pleased by what we’ve seen,” Maus said. “The volume shipped through QVC is a testament to the unique value our monitor provides to consumers interested in monitoring their cholesterol levels in the privacy of their homes.”

IVI Checkmate: Contact Barry Thomson. Phone: +1 770-594-6000. <http://www.ivicheckmate.com>

Lifestream Technologies: Contact Gino DeJesus. Phone: +1 212-736-2650. <http://www.lifestreamtech.com>

## Bluefish, mobEcom Pact To Spur Safe M-Commerce

### Other Firms Sign Wireless Deals

Network operators, financial institutions and content providers can use smart card-based subscriber identity module (SIM) solutions from Bluefish Technologies and mobEcom Ltd. to enable secure mobile e-commerce (m-commerce) based on mobEcom’s SecureSIM card platform. The partnership is one of several recent pacts using smart cards for m-commerce on global system for mobile communications (GSM) mobile phones.

Bluefish and mobEcom have placed the personalization and security functions of the SIM within the MULTOS operating system to enable secure payment and value-transfer capability to and from the mobile device.

“Bluefish is delighted to be working together with mobEcom,” said Mark Castle, business development director for Bluefish. “By combining the SecureSIM environment with Bluefish’s application development expertise, the two companies have a compelling m-commerce solution which has not previously been offered within the industry.”

A Bluefish application development team will use MULTOS development tools from mobEcom to establish applications on the SecureSIM platform. The GSM application resides on the SIM while the MULTOS open environment provides the secure space for additional third-party applications. During the coming months, Bluefish and mobEcom will partner to present the SecureSIM solution to network operators, initially throughout Europe, the Middle East and Africa.

“mobEcom and Bluefish will create an exciting business model for SIM cards,” added Neil Stewart, chief executive officer of mobEcom. “Together, I believe, the product and service combination positions us both firmly as the SIM solutions providers” for both second generation (2G) and third generation (3G) network operators.

In addition, Ernst & Young has completed a deal that will bring £12 million (US\$17.7 million) in venture capital (VC) funding to SIM smart card solutions provider Aspects Software Ltd, the parent company of mobEcom. Among the investors are Scottish Equity Partners Ltd., 3i Group, Commerzbank AG and SFK 99 Technology Fund.

“I am very excited about the future prospects for our business and look forward to working with our new investors to turn our plans into reality,” mobEcom’s Stewart said. “Real credit goes to our corporate finance advisers at Ernst & Young for smoothing the VC funding process and to Scottish Equity Partners for helping the business get to this stage.”

Stewart said that mobEcom expects some 30 percent of the more than 1 billion mobile phone subscribers anticipated over the next four years will need the client-side security his company is developing. “Regardless of the 3G predictions

for multimedia bandwidth, the growth in m-commerce will ensure a huge demand for secure environments and applications," he said. "The mobile phone can at last evolve to become a payment device as ubiquitous as the credit card."

Added Gillian Hastings of Ernst & Young's corporate finance team: "In mobEcom, we have a company that has developed ground-breaking technology and is poised to become a world-beater in a market that is enjoying exponential growth. The deal today takes the company a significant way forward in achieving its ambitions as a leading global player."

### Bringing WIM to Openwave

In another wireless deal, Schlumberger Test & Transactions and Openwave Systems Inc. will partner to define the interfaces that allow Schlumberger wireless application protocol (WAP) identity module (WIM) cards to be integrated with the Openwave UP.Browser microbrowser, with the end result being an increase in m-commerce transactions. The companies plan to develop the WIM interfaces early this year, and they will enable mobile phone manufacturers to add user authentication features used by financial institutions and merchants to their phones.

Once integrated into a mobile phone equipped with the UP.Browser technology, the WIM can digitally sign transactions the subscriber makes. Schlumberger will develop the WIM adaptation layer (WAL) software to be integrated into the UP.Browser that will allow it to communicate with the Schlumberger Simera e-motion SIM/WIM card, as well as other WIM smart cards.

"Together, Openwave and Schlumberger will enable a new level of security for users of WAP-based services," said Xavier Chanay, vice president of mobile communications products at Schlumberger.

"The ability to provide secure transactions has been identified as a key factor in the success of m-commerce. With Simera e-motion cards and Openwave UP.Browser-enabled mobile phones, we're able to offer enhanced security for mobile phone users and financial institutions, which we expect will lead to increased m-commerce," Chanay continued.

Openwave officials said they hope the partnership with Schlumberger will help develop a

robust WIM solution that will reduce the development challenges associated with smart card interoperability for UP.Browser licensees.

"The approach of Openwave and Schlumberger will reduce the time-to-market for GSM operators and handset vendors, which in turn will accelerate adoption of WIM," said Jeff Damir, group vice president of Openwave's device product group.

In another deal, Wildcard Wireless Solutions Inc. will sponsor an extensive field trial in Canada and the United States of its mobile electronic fund transfer point-of-sale (EFTPOS) device, the TransAKT, with Mad Pizza Co., Canada's largest Domino's Pizza franchisee. Motorola Inc. will supply their digital mode StarTAC mobile phones for the trial.

During the trial, Mad Pizza staff in the field will use TransAKT terminals, enabling customers the option to pay for their delivered pizza with credit and PIN secured debit cards at their doorstep. TransAKT devices can accept check, loyalty and smart card transactions in the coming months.

"We are excited to participate in this trial with Wildcard, an innovator in hand-held wireless solutions, to learn more about how their mobile POS technology can benefit our customers and our operations," said Bryan Dobb, president of Mad Pizza. "As the vast majority of our business is transacted on the customers' doorstep, we are acutely aware of the importance of providing our customers with safe, reliable and convenient methods of payment at the point of delivery."

Added William Atkinson, chief executive officer of Wildcard: "Not only will this trial give us the opportunity to evaluate all the benefits that our TransAKT application has to offer directly to the mobile merchant and the consumer, but it also enables us to work with financial institutions, transaction processors and wireless network operators in both countries through one merchant customer."

mobEcom: Contact Barbara Miller.  
Phone: +44 0 131-622-9500.  
<http://www.mobecom.com>

Schlumberger: <http://www.slb.com>

Wildcard Wireless: Contact William Atkinson.  
Phone: +1 604-688-3864.  
<http://www.wildcardwireless.com>

## French Post Integrating Dual-Interface Smart Cards

The French postal service – La Poste – will add secure e-purse and other new functions to its residential delivery access program by integrating the new Easyflex FastOS 2.0 dual-interface smart card by Schlumberger Test & Transactions.

The Mifare-based card grants strong security at both the contact and contactless interface level for applications such as e-purse, building access, transport and parking payment, and secure access to various city services.

“The Easyflex FastOS 2.0 card closes the back door to potential loopholes in security at both the contact and contactless interfaces, making it the most secure dual-interface card available today,” said Lucas Witkam, product manager of prepaid and application cards for Schlumberger Test & Transactions. “By conforming to standards for e-purse transactions and Mifare, systems integrators gain major increases in specification flexibility and can roll out projects quickly utilizing existing infrastructure.”

The Easyflex FastOS 2.0 card’s contact interface allows users to retain the existing installed base of terminals and applications, enabling system integrators to move to a dual-interface card immediately without waiting to install contactless terminals. In contactless applications, the technology enables the operator to speed up mass transit passenger throughput and support fast e-purse debiting.

Schlumberger officials said the FastOS 2.0 card protects contact and contactless transactions against fraud, hacking and duplication without compromising throughput during contactless operations. It also has highly secured messaging functions, including authentication, signature, ciphering and key diversification, which are managed by the on-card triple-DES (Digital Encryption Standard) cryptoprocessor under the control of the Schlumberger FastOS operating system.

Schlumberger won a contract in 1999 to supply smart cards for La Poste’s VIGIK electronic key system to provide secure access for mail delivery. The scheme then used a mixture of contact cards for service management and contactless cards for operative badges. The VIGIK development team determined the Easyflex FastOS 2.0

technology enables them to increase security, reduce administration and use only one card to expand the system’s capabilities.

## Migration Plan in Brazil

In another Schlumberger matter, ETIS, the consultancy arm of Schlumberger Test & Transactions, is teaming with MasterCard International on a US\$5 million program to migrate 16 million MasterCard cards in Brazil to Europay/MasterCard/Visa (EMV)-compliant smart cards over the next four years.

ETIS, which has helped develop several migration processes in Europe, is setting up studies to understand the migration process, assessing the definition of the specifications and giving consultancy in the implementation phase of the projects. ETIS established the Brazilian migration plan in less than six month.

“The sooner we can put chip cards into the hands of our customers, the sooner they – and we – can start to see the benefits of this powerful new technology,” said Guto Almeida, e-business and emerging technologies director for MasterCard Brazil. “ETIS’ specialist skill set and detailed knowledge of smart cards and the electronic transaction infrastructure has helped to keep us on track for delivering these new capabilities to our customers and retail partners.”

ETIS first defined a migration path that would keep costs low and mesh smoothly with existing systems. It then developed detailed specifications for the new cards. ETIS consultants helped coordinate activities with participating parties. These include six credit organizations – Bradesco, Caixa, Credicard, Itau, Real ABN Amro and Unibanco – the transactions processor Redecard, the retail channel and other point-of-sale outlet operators.

In addition, Michigan Technological University (MTU) will use Schlumberger smart cards with Sun Microsystems Inc.’s Sun Ray appliances to access the campus network. The Sun Ray appliance architecture consolidates network resources such as the operating system and control of the graphical user interface on the server. It allows students, faculty and administrative staff to use the Schlumberger smart ID card to access their desktops anywhere within the campus network.

“Based upon our long-standing relationship with Schlumberger and its proven smart card

technology, we're confident we can bring advanced technology to enterprises and institutions like MTU," said Robert Gianni, director of hardware engineering for the information appliances group at Sun Microsystems. "Sun coined the phrases network computing and any time, anywhere, any access device, and the Sun Ray platform and Schlumberger smart cards deliver on that promise."

MTU's controlled, secure network enables students to register or work on assignments directly on a Sun Ray appliance using their MTU Tech Express smart cards.

"By combining the multiple application capabilities of Schlumberger smart card technology with Sun's innovative anywhere, any time model and any Sun Ray device computing, we can now offer access to information and services delivered through the campus network more conveniently and easily than ever," said Jarrod Karau of MTU. "This is not only convenient for our users, but also adds value to the total campus experience."

Schlumberger: <http://www.slb.com>

## Mainstay Integrates Datakey PKI in Products

Mainstay Enterprises Inc. has signed a reseller agreement integrating Datakey Inc.'s smart card technology into its Single Access Solution product line. The partnership is one of several recent deals and product launches involving public key infrastructure (PKI).

Mainstay's smart card-based Single Access Solution grants government and commercial employees facility or building access, computer lock-down, secure network authentication and private online communications using public key encryption. Mainstay uses Datakey's PKI smart card because of its cryptographic strength, its flexibility and its integration with technology from industry leaders that provide the PKI component of Mainstay's product line.

"Mainstay's Single Access Solution is a cost-effective and convenient way to provide physical access security for employees entering their facilities, while also providing cutting-edge security for their workstations and e-business activities," said William Bigno, senior vice president of

Mainstay Enterprises. "With their proven reliability, multifunctional capabilities and ease of integration with a complete range of PKI technologies, Datakey smart cards were a solid fit for the Single Access product."

Added John Moroz, vice president of sales for Datakey's information security solutions business unit: "To get the most value from their smart card investment, organizations are adopting multifunctional smart cards for both building and computer network access. The Single Access Solution powered by Datakey smart card technology is a perfect fit for these organizations. We're pleased to partner with Mainstay and to provide the company with the most flexible and advanced cryptographic smart card solutions for its Single Access product line."

In another partnership, BIZ Interactive Zone (BIZ) has issued a US\$9 million initial purchase order to Litronic Inc. to design and provide secure e-business transaction products under BIZ's SSP (Secure Service Provider) brand. The two companies also will partner to deliver a suite of products that can process real-time, secure Internet transactions in business-to-business and business-to-consumer environments.

"Litronic's alliance with BIZ represents the opening of new markets for the company," said Kris Shah, president and chief executive officer of Litronic. "Our alliance with BIZ and joining the SSP brand is a significant step, which we expect to dramatically accelerate our market penetration in the commercial sector."

Litronic will be extending its existing product line, providing a custom-designed and manufactured product family under the SSP brand. SSP's integrated broadband and PKI technologies are expected to provide performance capability many hundreds of times faster than software-only-based PKI solutions.

Principal Litronic hardware products in the offering include the SSP CipherServer, used to offload cryptographic processing for faster response times; the SSP Forte smart card, enabling expanded storage and accelerated processing of complex cryptographic functions; and the SSP Netsignia smart card reader. Litronic software enhanced for the SSP Suite includes SSP Netsign, securing Web sites and desktops from unauthorized access and providing flexibility and certificate integration; SSP Profile Manager, enabling

secure e-business and communications by controlling smart card and certificate lifecycles; and SSP Maestro, managing all the components of PKI in corporate environments.

### Siemens Becomes Entrust VAR

In addition, Siemens Enterprise Networks LLC has become a value-added reseller (VAR) of Entrust Technologies Inc.'s PKI solution. Siemens will combine Entrust's PKI solution as part of its trusted networks solutions, including smart cards, and offer them through its worldwide distribution channels.

"We are excited to work with Entrust Technologies because it has proven security solutions that provide us with the confidence that our customers' needs for secured networks will be met," said George Nolen, president of Siemens Enterprise Networks. "Entrust's broad portfolio of products address a wide variety of our customers' security needs – while providing extensive upgrade opportunities to assist in meeting our customers' equipment migration challenges."

In a new product launch, Baltimore Technologies has unveiled UniCERT 3.5 PKI supporting Windows 2000, enabling Microsoft Corp. customers worldwide to enhance the security of their existing desktop operating systems. UniCERT 3.5 also includes new features that will enable application service providers (ASPs) to provide more secure and cost-effective services.

Among the new features of UniCERT 3.5 are: support for Microsoft Windows 2000; support for Microsoft Active Directory; support for Microsoft Windows 2000 security features including smart card log-in; and support for all international character sets.

"Baltimore UniCERT 3.5 brings the benefits of PKI to a whole new market," said Paddy Holahan, executive vice president of marketing at Baltimore Technologies. "For organizations deploying Windows 2000, UniCERT 3.5 provides the highest level of desktop e-security, without the need for additional client software. We have also significantly enhanced UniCERT to reduce the infrastructure requirements vital for our growing ASP partner base."

In addition, e-business security solutions provider Securify Inc. has received an investment from Internet Security Systems (ISS) to promote

its security chain management and PKI integration services. Spectrum Equity Investors, Perquot Capital, GemVentures and Bayview Investors also have invested in the Mountain View, Calif.-based company.

"We are pleased to add Internet Security Systems to our list of distinguished investors," said Taher Elgamal, president and chief executive officer of Securify. "ISS has a strong reputation in the industry as a leader in developing innovative security management solutions for the Internet. Our suite of security chain management services are an excellent complement to their product and service offerings, and we look forward to working with them in the future as both a technology partner and an investor."

Datakey: <http://www.datakey.com>

Litronic: <http://www.litronic.com>

Entrust Technologies: <http://www.entrust.com>

Baltimore Technologies:  
<http://www.baltimore.com>

Securify: <http://www.securify.com>

### eConnect Touts Borderless eCashPad Transaction

eConnect Inc. (RSC, Nov. 27, 2000, p. 11) subsidiary eConnect Caribbean S.A. has completed a successful country-to-country Internet transaction on the company's eCashPad reader, which can accept smart cards. The transaction, made during the Consumer Electronics Show this month in Las Vegas, Nev., stems from the company's new five-year contract with Banco Nacional de Credito S.A. and Web portal Enelpunto.net to launch and process credit, debit and smart card Internet e-commerce and financial transactions in Latin America, beginning with the Dominican Republic.

In a Bank Eyes Only transaction, the consumer swipes a smart card or credit card through eConnect's eCashPad peripheral, which routes the consumer's financial information directly to the bank or similar financial settlement institution, which in turn pays the merchant. "Our success at the show has been especially significant because our ability to process secure international online transactions, not just those made in the U.S. with U.S.-based credit cards, is the heart and soul of Bank Eyes Only," said Thomas Hughes, founder, chairman and chief executive officer of eConnect.

Added Moises Lora, vice president of operations at Banco Nacional de Credito: "We believe that Bank Eyes Only is the ideal secure online payment system in Latin America, where banks do not commonly use the address verification system by which U.S. banks confirm the identity of consumers using credit cards to make online purchases."

In another eConnect deal, the company plans to partner with interactive television technology provider TransCast International Inc. to distribute eCashPads for Internet-ready televisions and set-top boxes to enable television commerce (t-commerce).

"We have been looking to work with a leader in the interactive television space that can help us quickly gain a foothold in this growing market," Hughes said. "With TransCast's Web portal inside interactive televisions, our eCashPad can become a security solution for t-commerce consumers. I don't think we could have found a better strategic entree into this market."

TransCast will display the eConnect payment symbol and offer eCashPad transactions on the first page of the TransCast t-commerce portal; work with eConnect to enable the eCashPad to work with both TransCast's set-top boxes and inside-TV interactive television configurations; and introduce eConnect's eCashPad technology to the television original equipment manufacturers that TransCast works with for evaluation as a potential bundled or integrated peripheral with the TransCast service.

### First Data Selects Hypercom

In other matters regarding smart card terminals and readers, First Data Corp. subsidiaries First Data Merchant Services Corp. (FDMS) and Western Union have awarded Hypercom Corp. a US\$14 million, one-year contract. FDMS and Western Union will deploy Hypercom point-of-sale (POS) terminals and peripherals to merchants nationwide, including Hypercom's ePic ICE family of touch-screen card payment terminals, which accept smart cards.

Hypercom's ePic platform consists of browser-equipped ICE touch-screen terminals that connect to the Internet and deliver Internet-enabled POS applications through a set of Web-enabled servers. "We selected Hypercom's products because they are at the forefront of technology and innovation

and competitively priced," said Eric Nelson, director of FDMS POS products for First Data Corp. "We are pleased to announce this agreement, which will also give our customers the ability to offer all of our merchants and agents a migration strategy for secure and cost-effective access to a wide variety of physical and Internet-based information services."

In addition, Taipei Bank and MasterCard International have launched the Taipei City Government Purchasing Card and Executive Card using the mysmart.com's mouse pad system, which accepts smart cards, as part of the Taipei city government's "e-City" initiative. The Taipei government expects 50 percent of its purchasing volume to migrate to the new MasterCard purchasing card from the current paper-based process during the next year.

"The selection of the mysmart mouse pad system to be part of the infrastructure of the Taipei city government smart card purchasing program affirms mysmart's unique ability to support authorization, content presentation and online transactions," said Jim DeRose, president and chief executive officer of mysmart.com. "This is an exciting opportunity to show how the mysmart mouse pad system exploits the potential of smart cards."

The Taipei City Government Purchasing Card is a smart card-based procurement card that authorizes, authenticates and secures the online purchase of materials, supplies and services by government procurement officers from private-sector vendors and service providers. It can be used to purchase goods and services from Taipei Bank's online T-B Good E-Shopping Mall, an aggregation of government procurement Web sites for private-sector vendors and service providers.

The Taipei executive card will be issued to government officials at the division head level or higher who are eligible for expense accounts. The card will document all transactions on a monthly statement so they will be managed more efficiently.

In another matter, One-O-One iSolutions has unveiled a smart card reader for Mac OS X, Apple Computer Inc.'s next generation operating system. The reader uses One-O-One's Smart Virtual Firmware technology.

"We are proud to be the first company to offer a smart card reader that can use all the exciting

features of Mac OS X,” said J. Lim, president of One-O-One iSolutions. “The built-in smart card support of Mac OS X and our K3 reader will allow application developers to efficiently implement smart card services for Web-commerce, banking, loyalty and network access.”

eConnect: <http://www.econnect.com>

Hypercom: <http://www.hypercom.com>

mysmart.com: <http://www.mysmart.com>

One-O-One iSolutions:  
<http://www.one-o-one.com>

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### NetPost.Certified, from p. 2

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Our CKM encryption technology, coupled with PubliCARD’s reader expertise, represents a powerful set of solutions for secure enterprise networks and financial transactions.”

TecSec and the USPS said they chose the SmartPort because of its reliability, speed and ability to support various system platforms within the USPS. The USPS “business represents a most promising opportunity for PubliCARD in what is expected eventually to be the largest implementation of secure, smart card technology in the world,” said Jan-Erik Rottinghuis, president and chief executive officer of PubliCARD.

Other companies participating in the program include AT&T Corp., Cylink Corp., Gemplus,

IBM Corp., KeyCorp, RSA Security Inc., ValiCert Inc. and WareOnEarth Communications Inc.

In another government smart card matter, the U.S. General Services Administration (GSA) has given Operation Research Consultants Inc. (ORC) interim approval to operate on the Access Certificates for Electronic Services (ACES) contract. ACES is intended to provide identification, authentication and nonrepudiation through the use of digital signatures on smart cards to verify businesses and individuals when they are accessing, retrieving and submitting information with the government.

ORC has completed a certification and accreditation process on its ACES system to receive approval to issue digital signature certificates. Final approval is expected within six months. The other two companies authorized to issue ACES certificates are Digital Signature Trust Co. and AT&T.

ORC “is to be congratulated for receiving this approval,” said Sandy Bates, commissioner of GSA’s Federal Technology Service. “In so doing, ORC has fulfilled a number of strict requirements. The ACES program will be enhanced due to ORC’s participation.”

USPS: Contact Sue Brennan.

Phone: +1 202-268-6353. <http://www.usps.com>

TecSec: <http://www.tecsec.com>

GSA: <http://www.gsa.gov/aces>

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## Items of Interest

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- RSA Security Inc.’s SecurID authentication technology is featured in Metro-Goldwyn-Mayer (MGM) Studios’ new movie “AntiTRUST,” in which an idealistic young computer genius is recruited by NURV, a multibillion-dollar company run by his professional hero. To establish credibility for NURV, MGM producers featured RSA SecurID smart cards throughout the movie, as characters use smart cards to gain physical access to the NURV building and corporate network. “RSA Security is the most trusted name in the security industry, and we are committed to delivering proven solutions to organizations worldwide,” said Scott Schnell, senior vice president of marketing and corporate development at RSA Security. “We

were pleased that one of the leading studios in the entertainment industry chose to consult with RSA Security on AntiTRUST.” RSA Security, contact Karin Kosterlitz, +1 781-301-5374. <http://www.rsasecurity.com>

- Keyware has signed a partnership agreement with Gemplus SA to integrate smart cards with biometric technology. “This partnership demonstrates how security and convenience go hand-in-hand,” said Francis Declercq, president and chief executive officer of Keyware. “The growth of both wireless technology and smart card applications gives individuals and businesses a level of convenience never before imagined. Keyware’s centralized authentication

server technology with LBV – Layered Biometric Verification – can quickly and easily be applied to Gemplus smart card solutions, allowing people to take full advantage of today’s opportunities with smart cards.” Keyware, contact Elizabeth Marshall, +1 781-933-1311, ext. 235. <http://www.keyware.com>

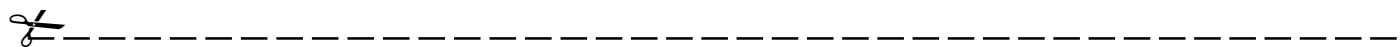
- Elva Inc. has designed two circuits – the AT88SC153 and AT88SC1608 – for Atmel Corp. as the two companies partner on solutions for the smart card market. The circuits, which do not require microprocessors, are being used for applications such as driver’s licenses, campus cards, health care, energy meters and e-purse. The two companies are cooperating on Elva’s VocaliD smart card and plan to continue working on new devices to bring new memory densities, improved security and other smart card applications. Elva, contact Serge Parienti, +1 925-831-0504. <http://www.elva.fr>

- Keycorp Ltd. has sold its associated company, Cardcorp Pty. Ltd., to the New Zealand-based smart card manufacturing group Wilson & Horton. “Cardcorp is a strong player that will benefit from the consolidation with an emerging regional company,” said Michael Thomes, chief executive officer of Keycorp. “We will continue to work with Wilson & Horton, together with its card division Security Plastics, as a card manufacturer for our requirements. Keycorp’s smart card business area is a global business that is experiencing significant growth, and the company expects to place greater focus

on its global card supply and card technology business.” Keycorp: <http://www.keycorp.net>

- Technovision Systems Inc. has purchased Motionlink Communications Group Inc., a subsidiary of Campbell Technologies Inc., to enable Campbell Technologies to focus on providing Web integrated smart card products and services. “This modest but important transaction concludes the first and most difficult step in the process of restructuring Campbell Technologies,” said Gordon Dunkley, vice president of business development for Campbell Technologies. “The sale of the Internet assets will allow us to concentrate fully on the smart card-based technology license recently acquired from Global Consumer Technologies Inc.” Campbell Technologies: <http://www.campbelltech.com>

- Fargo Electronics Inc. has received an order for 198 card printers from Telos Corp. for the U.S. Department of Defense’s multipurpose Common Access Card smart card project (RSC, Dec. 18, 2000, p. 5). “All Fargo associates are very proud that our printers were selected for this critical technological advancement by the Department of Defense,” said Gary Holland, president and chief executive officer of Fargo. “We expect that this decision should lead to ongoing monthly printer orders from Telos to complete the balance of the project over the next 12 months. The orders for this project will help Fargo achieve its planned sales objectives for 2001.” Fargo Electronics: <http://www.fargo.com>



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